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C O N F I D E N T I A L RANGOON 000802

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TAGS: [ENRG](#) [PGOV](#) [BM](#)

SUBJECT: KHIN NYUNT MEETS UNOCAL

REF: A. RANGOON 728

[1](#)B. BANGKOK 3954

Classified By: COM CARMEN MARTINEZ FOR REASONS 1.4 (B,D)

[1](#)1. (C) Summary: Bangkok-based representatives of Unocal were in Burma to introduce a new regional chief. While paying a courtesy call on PM General Khin Nyunt, the Unocal reps heard upbeat talk of Burma's energy sector and of Burma-Thai relations. The PM also made vague promises of a release of ASSK and of NLD participation in the ongoing National Convention. We suspect the PM was not giving Unocal the straight scoop on these topics, though it's always possible he's seeing matters far differently than we. End summary.

Gas Development: Pie in the Sky

[1](#)2. (SBU) Representatives of Unocal paid a courtesy call on Prime Minister General Khin Nyunt on June 17th. The reps, based in Bangkok, were in town to introduce a new regional manager who will assume responsibilities for Unocal's stake in an offshore gas project -- Yadana. According to one of the Unocal officials, at the meeting, the PM also raised the issue of new natural gas developments off the west coast of Burma. The GOB and the developers of these "finds," Korean firms Daewoo and Korea Gas and Indian companies the Oil and Natural Gas Commission and the Gas Authority of India, are touting enormous reserves of more than 14 trillion cubic feet (tcf). (Note: By comparison, the two gas fields currently being exploited by international consortia, and which generate around \$300 million per year for the GOB, reportedly have 9.7 tcf in proven reserves. End note.) However, other energy sector sources have cast doubt on this claim as premature at best. Only two test wells have been drilled, the first a dry hole. More test drilling is ostensibly scheduled for this fall.

[1](#)3. (SBU) The PM told Unocal that the GOB, presumably with international assistance, plans to build an LNG plant within the next 2-3 years. Currently the GOB is backing the idea of a liquefied natural gas (LNG) plant, vice a pipeline through Bangladesh, as the best method of exporting the gas to India. According to Unocal this plan is still very far fetched since the viability of the site has not yet been established, let alone at the volume necessary to justify the construction of a multibillion dollar plant.

Thaksin: Burma's Best Friend

[1](#)4. (C) The PM then turned to the issue of Burma-Thai relations. Oddly, and contrary to the reports of the RTG (ref B), General Khin Nyunt was quite positive, saying that bilateral relations were at a high point because of the constructive attitude of Thai PM Thaksin.

[1](#)5. (C) Finally, Unocal reportedly urged the PM to allow all parties, including the NLD, into the National Convention (NC) and to release all political prisoners. Khin Nyunt implied that GOB was intending to release ASSK but that timing was undecided. He also said there was still a chance for the NLD to join the month-old NC -- at variance with comments from the Deputy Foreign Minister two weeks back (ref A). The PM also noted the SPDC was still hopeful on reaching a written cease-fire with the last remaining major insurgent group, the Karen National Union (KNU).

Khin Nyunt: Deluded or Lying?

[1](#)6. (C) Comment: Unocal has always proven to be a useful interlocutor, as it has regular and cordial contact with senior GOB officials. From Unocal's report of Khin Nyunt's comments on key economic and political matters, it's clear that the PM is either: lying, deluded, or thinking wishfully. We suspect the third on the gas reserves, and the first on the Thai relationship and the NLD's NC participation. End summary.
Martinez